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DIA, OSD and DOS review(s) completed.

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SECRET
GENERAL

163

1. Yugoslavia to grant exit to US soldiers--Ambassador Dunn has been informed by the Yugoslav Delegate to the Peace Conference that the Yugoslav Government agrees to the release and exit from Yugoslavia of the three US sergeants now held at the US Embassy at Belgrade in connection with the shooting of a Soviet soldier last February.
2. Evidence of stockpiling in USSR Zone Germany--General McNarney reports that a G-2 agent has ascertained from railroad personnel that for about four weeks in June unusually heavy westbound freight traffic was observed on the main line from Kuestrin to Berlin. Virtually all trains were carrying Soviet troops, vehicles and ammunition, the latter "camouflaged under corn load declarations," and there has been almost no traffic in the opposite direction. McNarney comments that the traffic toward Berlin apparently exceeds the normal flow for supply and replacement, and characterizes the report as the "first disturbing evidence" of possible importation of troops and "military stockage" in the Soviet zone.
3. Swedes apprehensive over provoking USSR--According to the US Military Attache in Moscow the British Charge there believes that the Swedes are very apprehensive of making any statement about the "ghost rockets" which might "provoke" the USSR. The US MA observes that his Swedish informant on the "rockets" (see Daily Summary of 21 August, item 1) had given the information only in response to interrogation by the MA and refused resolutely to say "the Russians fired the bombs."
4. USSR may invoke Potsdam on Straits issue--The Secretary General of the Turkish Foreign Office has told US Ambassador Wilson that a Soviet Deputy Foreign Minister, on receipt of the French note on the Straits, expressed the view that the Montreux Convention no longer is in force and that the Potsdam Agreement instead should be the basis for discussions. The Turkish Foreign Office believes that the statement may indicate the future Soviet line on the Straits.
5. Reactions to US proposal on UN membership--According to Herschel Johnson, Secretary General Lie believes that both Gromyko and Sobolev (Assistant Secretary General) have been "much impressed" by the US proposal (to admit all nine candidates to UN membership) and will use

- 1 -

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their influence to persuade Molotov to change Gromyko's instructions, which now require him to veto Portugal, Ireland and Transjordan. Cado-gan has indicated to Johnson that the UK may support either the US proposal or admission of all except Siam, in case French approval of Siam cannot be obtained.

6. USSR resents US note regarding Soviet-Swedish trade pact--The Soviet Government has expressed to US Embassy Moscow "extreme surprise" at the US note opposing the proposed Soviet-Swedish trade agreement (see Daily Summary of 24 August, item 4) and has stated that the USSR and Sweden do not require "advice on the part of the Government of the USA."

EUROPE-AFRICA

7. USSR: Stalin reported directing purge of intellectuals--US Embassy Moscow has been informed by a "probably reliable" source that the "house-cleaning" among Leningrad intellectuals originated on 18 August, when Stalin personally quizzed a number of literary and theatrical figures and upbraided them for failing to provide ideological leadership. The Embassy interprets this incident as an indication of Stalin's determination to tighten Party control on all forms of Soviet life.
8. YUGOSLAVIA: Sabotage forestalled on former Yugoslav river vessels--General Clark reports indications of a sabotage plot among Yugoslav personnel aboard former Yugoslav river craft on the Danube. The vessels are being moved from Linz to Passau for safety and 21 suspects are under 48-hour detention for investigation. Clark states that the plan originated with this group and was not dictated by outside authority.
9. GREECE: Greeks welcome proposal for US Navy courtesy visit--Ambassador MacVeagh reports that the Greek Government enthusiastically approves the proposed courtesy visit of US vessels (see Daily Summary of 26 August, item 8). The ships are now tentatively scheduled to reach Piraeus and Salonika on 5 September.
10. FRANCE: Opposition to Constitution "worries" Bidault--According to Caffery, Bidault is "deeply concerned" over a "reliable" report that De Gaulle plans to speak in September in open opposition to the Constitution.

- 2 -

TOP SECRET
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Bidault also is "considerably worried" that the Communists may be able to force the left-wing Socialists to join them in opposing the proposed Constitution.

11. **IRAN: Qavam regrets inclusion of Tudeh members in Cabinet**--Qavam has told US Ambassador Allen that he is disappointed in his "experiment" of taking Tudeh members into the Cabinet, since they have not proved to be patriotic Iranians but continue to follow the Soviet line. He "strongly implied" that he was looking for a good basis for expelling them from the Cabinet.

Iran suggests UN corporation to control oil--The State Department has received an informal proposal from the Iranian Ambassador that an international corporation be formed under the UN to pool and control all oil resources of Iran, including its Anglo-Iranian Oil Company concession. British, Soviet, US, Iranian "and possibly other interests" would participate, preferably through private companies. The Department feels unable to sponsor such a corporation at present, especially as it feels morally bound to observe the provisions of the Anglo-American Oil Agreement.

FAR EAST

12. **INDOCHINA: US answers French charges**--The State Department has directed US Consul Saigon, in replying to recent insinuations of the Political Advisor to the French High Commissioner in Indochina, to make it clear that the US is not supplying arms, directly or indirectly, to groups contesting the authority of France in Indochina.

THE AMERICAS

13. **PERU: Jurisdiction of US personnel disputed**--The Commanding General, Caribbean Defense Command, strongly urges rejection of Peru's formal application for jurisdiction over US personnel involved in a brawl with Peruvians at the Talara airbase (see Daily Summary of 7 August, item 17).

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